

# Board of Contract Appeals

General Services Administration  
Washington, D.C. 20405

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February 15, 2001

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GSBCA 15453-RELO

In the Matter of THOMAS E. SULLIVAN

Thomas E. Sullivan, Jones, OK, Claimant.

Wayde L. Loflin, Deputy Comptroller, Oklahoma City Air Logistics Center, Department of the Air Force, Tinker Air Force Base, OK, appearing for Department of the Air Force.

**DeGRAFF**, Board Judge.

On December 15, 1999, the Department of Defense (DoD) transferred one of its employees, Thomas E. Sullivan, from Texas to Oklahoma. Mr. Sullivan asks us to review DoD's decision to deny his claim for reimbursement for certain expenses allegedly incurred in connection with the transfer. After reviewing the information submitted to us by Mr. Sullivan and DoD, we conclude that DoD properly denied Mr. Sullivan's claim based upon regulations in effect at the time of Mr. Sullivan's transfer and prior Board decisions.

## Real estate expenses

Mr. Sullivan's travel orders authorized him to be reimbursed for real estate expenses. When he moved to Oklahoma, he first rented a house and then purchased a house there. Mr. Sullivan submitted a claim to DoD for his real estate expenses and DoD reimbursed Mr. Sullivan for some of the amount that he claimed. DoD and Mr. Sullivan disagree as to whether he should be reimbursed for the following items:

Underwriting fee	\$150.00
Tax service fee	75.00
Verification of rent	15.00
Plumbing repairs	100.00
Structure inspection	260.00
Second credit report	60.00
Deposit verification	15.00

The settlement statement prepared by the settlement agent shows the expenses that Mr. Sullivan paid in connection with the purchase of his house. Only the first four items listed above are shown on the statement.

The underwriting fee, tax service fee, and verification of rent are listed on the settlement statement as items payable in connection with Mr. Sullivan's obtaining a loan to purchase his house. These items are not reimbursable because they are fees imposed directly or indirectly by a creditor incident to or as a condition of the extension of credit. 41 CFR 302-6.2(d)(2)(v) (1999); JTR C14002-A.4.b(5) (Dec. 1, 1999); Stanley H. Levine, GSBCA 15065-RELO, 00-1 BCA ¶ 30,809; Joseph Thompson, GSBCA 15077-RELO, 00-1 BCA ¶ 30,615 (1999); Gerald Fediw, GSBCA 14256-RELO, 98-1 BCA ¶ 29,513 (1997); Charles A. Peters, GSBCA 13643-RELO, 97-1 BCA ¶ 28,689 (1996).

Mr. Sullivan has not established that the amount he paid for plumbing repairs is reimbursable. The amount is not reimbursable if it is either an operating or a maintenance cost. 41 CFR 302-6.2(d)(2)(iv); JTR C14002-A.4.b(4); Harlan C. Thiel, GSBCA 13668-RELO, 97-1 BCA ¶ 28,710 (1996). The amount can be reimbursed if (1) purchasers in the area customarily pay for such repairs, (2) the amount Mr. Sullivan paid was within the amount customarily paid, and (3) the payment was for a "required" service in purchasing his house. 41 CFR 302-6.2(f); JTR C14002-A.6. Required services are those ordered by federal, state, or local law, or by the lender as a condition of the purchase. William D. Beller, GSBCA 13692-RELO, 97-2 BCA ¶ 29,153. If Mr. Sullivan provides DoD with proof that he meets all of these criteria, then DoD may reimburse him for the cost of the repairs.

Mr. Sullivan has not established that the amount he paid for his home inspection is reimbursable. Inspection fees are reimbursable if purchasers in the area customarily pay for such inspections, if the amount he paid is within the amount customarily paid for such an inspection, and if the inspection was required by federal, state, or local law, or by the lender as a condition of the purchase. 41 CFR 302-6.2(d)(1)(xi); JTR C14002-A.4.a(11); Thomas E. Casey, GSBCA 15207-RELO, 00-2 BCA ¶ 30,952; David P. Brockelman, GSBCA 14604-RELO, 98-2 BCA ¶ 29,971. If Mr. Sullivan provides DoD with proof that he meets all of these criteria, then DoD may reimburse him for the cost of the inspection.

Mr. Sullivan has not explained why a second credit report was needed in order to purchase his house, so he has not established why DoD should reimburse him for the cost of that report. Mr. Sullivan's mortgage lender required that his credit union provide a verification of deposit, showing the balance in his credit union account. Instead of asking the mortgage lender to pay for this service, Mr. Sullivan's credit union deducted \$15 from his account. The \$15 is not reimbursable because it is a fee imposed indirectly by Mr. Sullivan's mortgage lender incident to or as a condition of the extension of credit.

#### VA funding fee and mortgage insurance

At some point in the past, Mr. Sullivan owned a house in Texas and he financed the purchase of that house with a loan guaranteed by the Department of Veterans Affairs (VA). When the VA guarantees a loan, it collects a funding fee and Mr. Sullivan says he paid such a fee when he purchased his house in Texas, years before he transferred to Oklahoma. When he purchased his house in Oklahoma, Mr. Sullivan says that he paid for mortgage insurance,

although the line on the settlement statement regarding mortgage insurance is blank. In connection with his transfer to Oklahoma, Mr. Sullivan asked DoD to reimburse him \$6103.75 for both the VA funding fee that he says he paid when he purchased his house in Texas and the mortgage insurance that he says he paid when he purchased his house at his new duty station in Oklahoma.

The VA funding fee and the mortgage insurance premium are not reimbursable, even if Mr. Sullivan had provided proof that he paid them. Mr. Sullivan incurred the VA funding fee in connection with the purchase of a house in Texas, not in connection with the purchase of his house in Oklahoma, so it is not reimbursable. 41 CFR 302-6.1, 6.1(f)(1); JTR C14000-A.2. Even if he had incurred the VA funding fee in connection with the purchase of the house in Oklahoma, it would not be reimbursable. JTR C14002-A.4.b(7); Robert J. Szerszynski, GSBCA 14350-RELO, 98-2 BCA ¶ 29,984. In addition, mortgage insurance, which insures the mortgage holder against default by the purchaser, is not reimbursable. 41 CFR 302-6.2(d)(2)(i); JTR C14002-A.4.b(1); Rebecca Manning, GSBCA 14586-RELO, 98-2 BCA ¶ 29,981.

#### Shipment of household goods

Mr. Sullivan's travel orders authorized him to be reimbursed for the cost of moving his household goods. Mr. Sullivan says that it took months to get reimbursed and that he incurred expenses such as interest while waiting to be paid. Also, he says that he was expected to load and unload a truck for free. In his submission to us, Mr. Sullivan asks to be paid \$750 for the "administrative costs and labor" that he expended in connection with moving his household goods. He does not say what costs are included in the \$750.

We do not know whether Mr. Sullivan ever submitted a claim to DoD for this amount. If he has not, he should do so and if DoD decides to reject the claim, then he can ask us to review DoD's decision. Rule 401(c). Assuming that he has submitted his claim to DoD and that DoD has denied the claim, we agree with DoD's decision. We know of no authority to permit reimbursing Mr. Sullivan for the costs that he claims, even assuming he can show that he actually incurred \$750 of costs.

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MARTHA H. DeGRAFF  
Board Judge